

IN THE CIRCUIT COURT OF THE 11th
JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

SAGA TRADING, LLC,
a Florida limited liability company,

GENERAL JURISDICTION DIVISION

Plaintiff,

vs.

Case No. _____

SANTI USA CORP.,
a Florida Corporation,

Defendant.

COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff, SAGA TRADING, LLC (hereinafter, "Saga"), by and through undersigned counsel, sues Defendant, SANTI USA CORP. (hereinafter, "Santi"), and in support thereof, alleges as follows:

Parties, Jurisdiction and Venue

1. This is an action for damages that exceeds the sum of Fifteen Thousand Dollars (\$15,000.00), exclusive of interest and costs.
2. Plaintiff, SAGA TRADING, LLC, is a Florida limited liability company having its principal place of business in Miami-Dade County, Florida.
3. Defendant, SANTI USA CORP., is a Florida corporation having its principal place of business in Miami-Dade County, Florida.
4. Venue is proper in this Court as the causes of action alleged in this Complaint arose and accrued in Miami-Dade County, Florida. Venue is also proper in this Court under Paragraph 23.2 of the License Agreement.

General Allegations

A. The La Martina Concept

5. Santi (a/k/a “Licensor” or “La Martina”) has the rights to a concept for the development, establishment and operation of retail stores that allegedly specialize in the sale of specialty clothing, jewelry, clothing accessories, accessories for playing polo, and promoting sports competitions and/or events in the field of polo (hereinafter, “La Martina System” or “System”).

B. Saga Enters Into A Retail License Agreement for Aventura, Florida

6. On July 11, 2008, Saga entered into a Retail License Agreement (“License Agreement”) with Santi pursuant to which Saga was granted the right to open and operate a La Martina retail unit located at Aventura Mall, 19501 Biscayne Blvd., Aventura, Florida 33160, Unit #065 (“Licensed Location”).¹

7. In September 2008, Saga opened the Licensed Location for business.

8. The term of the License Agreement was for ten (10) years from commencement of operations, or until September 2018.

C. Saga Enters Into A Retail License Agreement for Las Vegas, Nevada

9. On January 19, 2010, Saga’s affiliate entity, Saga Trading Nevada, LLC (“Saga Nevada”), entered into a Retail License Agreement (“License Agreement”) with Santi pursuant to which Saga Nevada was granted the right to open and operate a La Martina retail unit located at Forum Shops at Caesars, 3500 Las Vegas Boulevard South, Space S30, Las Vegas, Nevada 89109.

10. In June 2010, Saga Nevada opened its La Martina retail unit for business.

¹ A copy of the License Agreement is annexed hereto as Exhibit “A.” The subject License Agreement superseded the initial License Agreement that was executed by the parties on April 11, 2008.

11. The term of the License Agreement was for ten (10) years from commencement of operations, or until June 2020.

D. Saga Explores Opening A Location At Sawgrass Mills Mall

12. Following the opening of both the Aventura and Las Vegas units, Saga and Saga Nevada were running profitable stores with the Las Vegas store going into a decline within a few years after opening. Meanwhile, the Aventura store was generating revenues in excess of Two Million Dollars (\$2,000,000.00).

13. During this time, Saga had a strong relationship with its landlord, Simon Properties, who also was the landlord in Las Vegas and Sawgrass Mills Mall. Given their strong relationship with Simon, Simon had on several occasions reached out to the Goureaus suggesting that they open another store at a Simon-owned property.

14. In late 2013/early 2014, and given the profitable nature of the Aventura store and knowing that Santi had approximately 20,000 – 30,000 pieces of merchandise sitting in its warehouse in Argentina, Saga's principal, Mr. Philippe Goureau, and his son, Mr. Antony Goureau, met with Santi's principal, Mr. Adrian Simonetti, to pitch the idea of opening a La Martina outlet unit at Sawgrass Mills Mall in Sunrise, Florida. The Goureaus pitched this idea to Mr. Simonetti also in an attempt to mitigate the losses that they had started to incur at the Las Vegas store while at the same time continue to do business with Santi at a different location.

15. Instead of listening to its successful license at the time and giving some consideration to such idea, Mr. Simonetti immediately rejected Messrs. Goureau and Goureau's idea. Other than stating to them that their idea did not make sense because it would negatively impact their revenues, Mr. Simonetti did not provide any other explanation as to why he believed that Messrs. Goureau and Goureau's sound business idea did not make sense.

16. In July/August 2014, Antony Goureau, along with his brother, Mr. Jeremy Goureau, met with Mr. Simonetti to go over the financial performance of both the Las Vegas store and the Aventura store, as well as the launch of the new Santi website. At the conclusion of the meeting, and much to Messrs. Goureau and Goureau's shock, Mr. Simonetti advised the Goureaus that Santi intended to open a La Martina store at Sawgrass Mills Mall and intended to import the 20,000 – 30,000 pieces of merchandise that it was storing at its warehouse in Argentina. Mr. Simonetti concluded the meeting by advising the Goureaus that he intended to sell such merchandise at a substantial discount on Thanksgiving Day in 2014.

17. Needless to say, the Goureaus were not only shocked but also irate that Santi would stoop so low to open an outlet unit at Sawgrass Mills Mall given that: (i) it was initially their idea, which was rejected out of hand by Mr. Simonetti; and (ii) Mr. Simonetti had indicated to the Goureaus that the opening of such store was a bad idea because it would negatively impact the sales at the Aventura store. In opening the Sawgrass Mills Mall location, Santi in essence leveraged Saga's relationship with Simon Properties to open a corporate location for itself despite having full knowledge that Sawgrass Mills Mall caters to the precise customer base as Aventura Mall.

18. Santi opened its La Martina store in late 2014 and its impact on Saga's store in Aventura was instant. Given Santi offered for sale the precise merchandise from a previous collection that Saga sold in Aventura at prices that were between sixty - seventy percent (60% - 70%) less than Saga's prices, Saga started losing its customers to Sawgrass Mills Mall because the prices were so much cheaper. Because this required Saga to reduce its prices as best as it could, Santi breached Paragraph 10.9 of the License Agreement by failing to provide Santi with a margin of 280% over net cost.

19. Simply put, Saga had spent six (6) years building a customer base in south Florida only to gradually lose such business to a competing store that was opened by Santi itself. Despite repeatedly voicing its displeasure to Santi, such complaints fell on deaf ears. Thus, due to the sharp decline of business at its Aventura store by as much as forty-five percent (45%), and the monthly losses that were mounting in Las Vegas, Saga had no choice but to strike a deal with Santi pursuant to which Santi agreed to buy back ten percent (10%) of Saga's merchandise from every collection at fifty cents (\$.50) to the dollar (\$1.00) based on Saga's wholesale cost.²

20. By failing to address Saga's complaints and requests for operational assistance due to its declining sales, Santi's conduct was contrary to its express obligations set forth in Paragraphs 9.2 and 9.3 of the License Agreement.

21. All conditions precedent to bringing this action have been waived, excused, performed, or otherwise occurred.

22. As a result of Santi's wrongful conduct, as described herein, and Saga's need to protect and enforce its legal rights, Saga has retained the undersigned attorneys and is obligated to pay said firm attorneys' fees. Pursuant to Paragraph 23.7 of the License Agreement, Saga seeks to recover its attorneys' fees and costs from Santi.

LEGAL CAUSES OF ACTION

Count I – Breach Of Contract

23. Saga incorporates each and every allegation set forth in Paragraphs 1 through 22, *supra*, as if fully set forth herein.

² Santi never mentioned consignment on any merchandise that Saga sent to Sawgrass Mills Malls. The last invoice of \$53,000.00 was comprised of \$35,000.00 for Aventura Mall and \$17,000.00 for Las Vegas.

24. Santi has materially breached the terms of the License Agreement by failing to:

- (i) provide consultation and advice to Saga with regarding to the operation of the Aventura store in accordance with Paragraph 9.2 of the License Agreement;
- (ii) provide continuing advisory assistance in the operation of the Aventura store in accordance with Paragraph 9.3 of the License Agreement; and
- (iii) use its best efforts to provide Saga with a margin of 280% over net cost in accordance with Paragraph 10.9 of the License Agreement..

25. As a direct, proximate and foreseeable result of Santi's material breaches of the License Agreement, Saga has suffered and continues to suffer substantial damages.

Count II – Breach Of The Implied Covenant Of Good Faith And Fair Dealing

26. Saga incorporates each and every allegation set forth in Paragraphs 1 through 25, *supra*, as if fully set forth herein.

27. The License Agreement gives rise to express obligations and also gives rise to a mutual implied covenant of good faith and fair dealing between the parties.

28. Under this covenant, each party has an obligation and duty to act fairly towards the other, to do nothing destructive of the other party's right to enjoy the fruits of the contract, and to do everything that the contract presupposes they will do to accomplish its purpose.

29. Through its actions, as fully set forth herein, Santi abused its discretionary authority under License Agreement, failed to exercise such authority in good faith and in a commercially reasonable manner, and dealt with Saga in bad faith, in an unfair manner and in contravention of the intention and spirit of the parties' long-standing personal and business relationship.

30. Santi's conduct as described herein constitutes numerous willful, malicious breaches of its implied duty of good faith and fair dealing.

31. As a direct, proximate, and foreseeable consequence of Santi's breach of the

implied covenant of good faith and fair dealing, Saga has suffered and continue to suffer substantial damages.

PRAYER FOR RELIEF

Plaintiff, SAGA TRADING, LLC, respectfully requests that this Honorable Court enter a judgment in its favor and against Defendant, SANTI USA CORP., for:

- (i) actual and compensatory damages in favor of Plaintiff and against Defendant in an amount to be determined at the trial;
- (ii) attorneys' fees, costs and pre-judgment and post-judgment interest; and
- (iii) such other and further relief as this Honorable Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiff, SAGA TRADING, LLC, respectfully demands a trial by jury of all issues so triable under the laws of the State of Florida.

Respectfully submitted,

ZARCO EINHORN SALKOWSKI & BRITO, P.A.
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**LICENSE
LA MARTINA
RETAIL LICENSE AGREEMENT**

THIS RETAIL LICENSE AGREEMENT (the "Agreement") is made this 11 day of July, 2008, by and between SANTI USA CORP., a Florida corporation, with its principal business address at 101 Crandon Boulevard, Suite 178, Key Biscayne, Florida 33149 (referred to in this Agreement as "Licensor" or "La Martina"), and SAGA Trading, LLC, a Florida limited liability company, whose principal address is 6000 Indian Creek Drive #1701, Miami Beach, Florida 33140 (referred to in this Agreement as "Licensee").

RECITALS

WHEREAS, This agreement supersedes that License agreement executed by the parties on 11 day of April, 2008.

WHEREAS, La Martina has the rights to a distinctive concept for the development, establishment and operation of retail stores specializing in the sale of specialty clothing; jewelry; clothing accessories; accessories for playing polo; and promoting sports competitions and/or events in the field of polo, and other products developed and owned by Licensor and for an image and concept related thereto ("LA MARTINA SYSTEM" or "SYSTEM");

WHEREAS, the distinguishing characteristics of the SYSTEM include, without limitation, the internationally recognized name "LA MARTINA"; know how related to marketing strategies and trading; distinctive interior and exterior design and layouts, decor, color schemes, and furnishings; standards and specifications for equipment, equipment layouts, products, operating procedures, and management programs, all of which may be changed, improved, and further developed by Licensor from time to time;

WHEREAS, Licensor identifies the SYSTEM by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, image and philosophy and other indicia of origin, including, but not limited to, the marks "LA MARTINA", and such other trade names, service marks, trademarks and trade dress as are now, or may hereafter, be designated by Licensor for use in connection with the LA MARTINA SYSTEM (collectively referred to as the "Proprietary Marks");

WHEREAS, Licensor continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed hereunder in the SYSTEM and to represent the System's high standards of quality, appearance, and service;



WHEREAS, Licensee wishes to be assisted, trained, and licensed by Licensor as a "LA MARTINA" licensee and licensed to use, in connection therewith, the LA MARTINA SYSTEM and to continuously operate one LA MARTINA retail unit at the location specified in Section 3 herein (the "Location");

WHEREAS, Licensee understands the importance of the LA MARTINA SYSTEM and LA MARTINA'S high and uniform standards of quality, cleanness, appearance, service, and the necessity of opening and operating LA MARTINA retail unit in strict conformity with the SYSTEM;

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that the foregoing preliminary statements are true and correct and further agree as follows:

1. **Recitals.** Each party hereto agrees that the foregoing recitals are true and correct and are hereby incorporated herein by this reference.

2. **Definitions.** The following terms as used in this Agreement shall have the meanings set forth below. Such meanings shall be equally applicable to both the singular and plural forms of such terms, unless the context requires otherwise. As used herein:

(a) "Agreement" shall mean this Retail License Agreement, including the Exhibits and attachments hereto.

(b) "Trademark" means any trademark, trade name, service mark, logotype, trade dress or other identifying symbol or name.

(c) "Affiliate" means any person who, controls, is controlled by, or is under common control with, any other person.

(d) "Products" means La Martina clothing, jewelry, accessories and any other tangible goods which are offered for sale by Licensor to Licensee

Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter. Except as expressly stated or shown, the words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, or clause contained in this Agreement. The words "includes" and "including" are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included.

3. **Appointment.** Licensor grants to Licensee a license to open and operate a LA MARTINA retail unit (the "LICENSED UNIT") at one location only, such location

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to be described as: Aventura Mall, 19501 Biscayne Boulevard, Aventura, Florida 33160, Unit #065 ("Licensed Location")

Licensee may not operate the LICENSED UNIT at any site other than at the Licensed Location. In the event Licensor grants additional Retail License Agreements in Miami-Dade County, Florida, Licensee shall have a first right of refusal therefore.

3.1 Except as otherwise set forth herein, (a) the license granted to Licensee under this Agreement is non-exclusive, and grants to Licensee the rights to establish and operate the LICENSED UNIT at only the specific location set forth hereinabove; (b) no exclusive, protected or other territorial rights in the contiguous area or market of LICENSED UNIT or otherwise is hereby granted or to be inferred and (c) Licensor and/or its affiliates have the right to operate and grant as many other licenses for the operation of LA MARTINA retail stores, anywhere in the world, as they shall, in their sole discretion, elect. In addition to the foregoing, Licensor may sell LA MARTINA brand products anywhere, including, but not limited to, sales on the Internet, by mail order, or through wholesale distribution channels, including, but not limited to independent clothing retailers; department stores; independent jewelry retailers; clothing accessories retailers during and after the term of this Agreement.

3.2 Nothing herein shall be deemed to be a grant to Licensee of any rights as a commercial agent or distributor of LA MARTINA products in any jurisdiction. Licensor reserves the right, in its sole discretion, to grant such rights to any third party, during or after the term of this Agreement. Licensee may not sell any Products and/or any other materials, supplies, or inventory bearing the Proprietary Marks anywhere except at the Location, without LA MARTINA's prior written consent. Licensee shall specifically be prohibited from selling any such items at wholesale, or in such quantities to a single customer as to reasonably indicate that same will be resold except as specifically agreed to, in writing, by Licensor.

3.3 Licensee acknowledges that, over time, Licensor has entered, and will continue to enter, into agreements with other licensees that may contain provisions, conditions and obligations that differ from those contained in this Agreement, including, without limitation, license agreements for the operation of LA MARTINA retail stores. The existence of different forms of agreement and the fact that Licensor and other licensees may have different rights and obligations do not affect the parties' duty to comply with the terms of this Agreement.

4. **Term.** Except as otherwise provided in this Agreement, the initial term of this Agreement (the "Term") shall expire on the tenth (10th) anniversary of the date of commencement of operation of the LICENSED UNIT. For all purposes under this Agreement, the date of commencement of operation of the LICENSED UNIT shall be the date verified in writing by Licensor and delivered to Licensee in a form substantially similar to the "Notice" attached hereto as Exhibit "A". Licensee agrees and shall be obligated to operate the LICENSED UNIT and perform hereunder for the full Term of this Agreement.

4.1 Licensee may, at its option, renew this License for additional periods of ten (10) years each (the "Renewal Term"), provided that, at the time of such renewal:

A. Licensee gives Licensor written notice of such election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term. Failure by Licensee to timely provide Licensor the required notice constitutes a waiver by Licensee of its option to remain a Licensee beyond the expiration of the Initial Term or the first Renewal Term;

B. Licensee executes Licensor's then-current standard form of Retail License Agreement, which may contain terms materially different from the terms in this Agreement, and the term of which shall be the renewal term as specified in Section 4.1. hereof, but shall contain no further renewal rights;

C. Licensee shall execute a general release and a covenant not to sue, in a form satisfactory to Licensor, of any and all claims against Licensor and its subsidiaries and affiliates, and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Licensee and Licensor and Licensee's operation of the LICENSED UNIT and/or other LA MARTINA retail store operated by Licensee;

D. Licensee is not in default under this Agreement or any other agreements between Licensee and Licensor (or any parent, subsidiary or affiliate of Licensor), and Licensee has fully and faithfully performed all of Licensee's obligations throughout the term of this Agreement; Licensee is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the LICENSED UNIT; Licensee is not in default beyond the applicable cure period with any vendor or supplier to the LICENSED UNIT; and, Licensee shall not have been in default beyond the applicable cure period under this Agreement or any other agreements between Licensor and Licensee more than 3 times during the period 12 months before the date of Licensee's notice and 12 months before the expiration of the Initial Term;

E. Licensee has paid or otherwise satisfied all monetary obligations owed by Licensee to Licensor and its subsidiaries and affiliates and Licensee has timely paid or otherwise satisfied these obligations throughout the term of this Agreement;

F. Licensee agrees, at its sole cost and expense, to reimage, renovate, refurbish and modernize the LICENSED UNIT, within the time frame required by Licensor, including the building design, parking lot, landscaping, equipment, signs, interior and exterior decor items, fixtures, furnishings, color scheme, presentation of

trademarks and service marks, supplies and other products and materials to meet Licensor's then-current standards, specifications and design criteria for LA MARTINA retail stores, as contained in the then-current License Agreement, or otherwise in writing, including, without limitation, such structural changes, remodeling and redecoration and such modifications to existing improvement as may be necessary to do so;

G. Licensee and its employees at the Licensed Unit shall be in compliance with the then-current LA MARTINA System training requirements.

H. Licensee has the right to remain in possession of the premises of the Licensed Unit, or other premises acceptable to Licensor, for the Renewal Term and all monetary obligations owed to Licensee's landlord must be current.

I. As determined by Licensor in its sole discretion, Licensee has operated the Licensed Unit in accordance with this Agreement and the LA MARTINA System as directed from time to time in writing by Licensor and has operated all of its other LA MARTINA retail stores, if any, that are licensed by Licensor in accordance with the applicable license agreements.

5. **Advertising.**

5.1 Licensor shall conduct all advertising and promotional campaigns as it deems necessary and appropriate and shall make all decisions regarding same including, content, media and distribution. Licensor shall list Licensee as an authorized licensee of LA MARTINA and provide Licensee's contact information in such advertising.

5.2 Licensee shall not use any advertising or promotional plans or materials unless provided directly by Licensor or unless and until Licensee has received written approval from Licensor. Licensee shall not use the Internet, direct mail or other channels of distribution. Licensee's sole right is to sell at retail from the Licensed Location.

6. **Proprietary Marks.** It is understood and agreed that the license granted herein to use the Proprietary Marks applies only to use in connection with the operation of the Licensed Unit at the Licensed Location and includes only such Proprietary Marks as are now designated or which may hereafter be designated, in the Manual or otherwise in writing as a part of LA MARTINA System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Licensor), and does not include any other mark, name, or indicia of origin of Licensor now existing or which may hereafter be adopted or acquired by Licensor.

6.1 With respect to Licensee's use of the Proprietary Marks pursuant to this Agreement, Licensee acknowledges and agrees that:

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A. Licensee shall not use the Proprietary Marks as part of Licensee's corporate or other business name, although Licensee shall make a fictitious name filing as required by law and provide Licensors with a cancellation of same; to be held in escrow by Licensors, to be released upon expiration, non-renewed or termination of this Agreement;

B. Licensee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such manner as might, in any way, make Licensors liable therefore, without Licensors's prior written consent;

C. Licensee shall execute any documents and provide such other assistance deemed necessary by Licensors or its counsel to obtain protection for the Proprietary Marks or to maintain the continued validity of such Proprietary Marks; and

D. Licensors reserves the right to substitute different Proprietary Marks for use in identifying the System and the Licensed businesses operating there under, and Licensee agrees to immediately substitute Proprietary Marks upon receipt of written notice from Licensors.

6.2 Licensee expressly acknowledges Licensors's exclusive right to use the marks "LA MARTINA" for clothing and accessories products; jewelry products; accessories for playing polo; and promoting sports competitions and/or events in the field of polo the building configuration; and the other Proprietary Marks of the System. Licensee agrees not to represent in any manner that it has any ownership in the Proprietary Marks or the right to use the Proprietary Marks except as provided in this Agreement. Licensee further agrees that its use of the Proprietary Marks shall not create in its favor any right, title, or interest in or to the Proprietary Marks, and that all of such use shall inure to the benefit of Licensors.

6.3 Licensee acknowledges that the use of the Proprietary Marks outside the scope of this license, without Licensors's prior written consent, is an infringement of Licensors's exclusive right to use the Proprietary Marks, and during the term of this Agreement and after the expiration or termination hereof, Licensee covenants not to, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of Licensors's Proprietary Marks, or take any other action in derogation thereof.

6.4 Licensee shall promptly notify Licensors of any suspected infringement of, or challenge to, the validity of the ownership of, or Licensors's right to use, the Proprietary Marks licensed hereunder. Licensee acknowledges that Licensors has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Licensors undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Licensee agrees to execute any and all documents and to do such acts and things as may, in the opinion of counsel for Licensors, be necessary to carry out such defense or prosecution. Except to the extent that such litigation is the result

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of Licensee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Licensors agree to reimburse Licensee for its out of pocket costs in doing such acts and things, except that Licensee shall bear the salary costs of its employees.

6.5 Licensee understands and agrees that its license with respect to the Proprietary Marks is non-exclusive to the extent that Licensors has and retains the right under this Agreement:

A. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing Licensees;

B. To develop and establish other systems for the same, similar, or different products or services utilizing proprietary marks not now or hereafter designated as part of the System licensed by this Agreement, and to grant licenses thereto, without providing Licensee any right therein; and

C. To develop and establish other systems for the sale, at wholesale or retail, of similar or different products utilizing the same or similar Proprietary Marks, without providing Licensee any right therein.

6.6 Licensee acknowledges and expressly agrees that any and all goodwill associated with the System and identified by the Proprietary Marks used in connection therewith shall inure directly and exclusively to the benefit of Licensors and is the property of Licensors, and that upon the expiration or termination of this Agreement or any other agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Licensee's activities in the operation of the Licensed Unit granted herein, or Licensee's use of the Proprietary Marks.

6.7 Licensee understands and acknowledges that each and every detail of the LA MARTINA SYSTEM is important to Licensee, Licensors, and other licensees in order to develop and maintain high and uniform standards of quality and services, and hence to protect the reputation and goodwill of LA MARTINA retail units. Accordingly, Licensee covenants:

A. To operate and advertise the Licensed Unit, at Licensee's own expense, under the name "LA MARTINA," without prefix or suffix;

B. To adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Licensors;

C. To observe such reasonable requirements with respect to trademark registration notices as Licensors may from time to time direct in writing.

6.8 In order to preserve the validity and integrity of the Proprietary Marks licensed herein and to assure that Licensee is properly employing the same in the operation of the Licensed Unit, Licensors or its agents shall at all reasonable times have

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the right to inspect Licensee's operations, premises, and Licensed Unit and make periodic evaluations of the services provided and the products sold and used therein. Licensee shall cooperate with Licensor's representatives in such inspections and render such assistance to the representatives as may reasonably be requested.

6.9 Licensee shall not hold out or otherwise employ the Proprietary Marks to perform any activity, or to incur any obligation or indebtedness in such a manner as might, in any way, make Licensor liable therefore, without Licensor's prior written consent.

7. **Standards.** In order to protect the reputation and goodwill of Licensor and LA MARTINA SYSTEM and to maintain uniform standards of operation under Licensor's Proprietary Marks, Licensee shall operate the Licensed Unit in accordance with Licensor's standards (the "Standards"). Licensee shall at all times treat the information provided by Licensor as the Standards, as confidential, and shall use all reasonable efforts to keep such information secret and confidential.

7.1 Licensee shall not, at any time, without Licensor's prior written consent, copy, duplicate, record, or otherwise make the written or electronic versions of the Standards available to any unauthorized person or entity. In order for Licensee to benefit from new knowledge information, methods and technology adopted and used by Licensor in the operation of the System, Licensor may from time-to-time revise the Standards and Licensee agrees to adhere to and abide by all such revisions.

7.2 The Standards are intended to further the purposes of this Agreement, and are specifically incorporated, by reference, into this Agreement. Except as otherwise set forth in this Agreement, in the event of a conflict between the terms of this Agreement and the Standards, the terms of this Agreement shall control.

8. **Training**

8.1 Licensee, a partner of Licensee if Licensee is a partnership, or a principal shareholder of Licensee if Licensee is a corporation or a principal member of Licensee if Licensee is a limited liability company, must complete, to Licensor's satisfaction, the LA MARTINA Orientation Program ("Orientation Program") prior to opening the Licensed Unit. The Orientation Program shall consist of up to three (3) days of workshops and seminars conducted at a training facility designated by Licensor.

8.2 The cost of conducting the initial Orientation Program (instruction and required materials) shall be borne by Licensor. All other expenses during Orientation Program, including meals and lodging, wages and travel, shall be borne by Licensee.

8.3 Additionally, Licensor may make available to Licensee or Licensee's employees, from time to time, such additional training programs as Licensor, in its sole discretion, may choose to conduct. Attendance at said training programs may be mandatory; however, attendance at twice yearly "show rooms" designated by Licensor

shall be required. Attendance at other promotional events may be required at Licensor's discretion. The cost of conducting such additional training programs (instruction and required materials) shall be borne by Licensor. All other expenses during the training period and at such other events, including meals and lodging, wages and travel, shall be borne by the Licensee.

9. **Duties Of The Licensor**

9.1 Licensor will make available to Licensee standard plans and specifications to be utilized only in the construction of the Licensed Unit. No modification to or deviations from the standard plans and specifications may be made without the written consent of Licensor. Licensee shall obtain, at its expense, further qualified architectural and engineering services to prepare surveys, site and foundation plans, and to adapt the standard plans and specifications to applicable local or state laws, regulations or ordinances. Licensee shall bear the cost of preparing plans containing deviations or modifications from the standard plans.

9.2 Licensor shall provide consultation and advice to Licensee as Licensor deems appropriate with regard to construction or renovation and operation of the Licensed Unit, building layout, furnishings, fixtures and equipment plans and specifications, employee selection and training, purchasing and inventory control and those other matters as Licensor deems appropriate.

9.3 Licensor will make available to Licensee such continuing advisory assistance in the operation of the Licensed Business, in person or by electronic or written bulletins made available from time to time, as Licensor may deem appropriate.

9.4 Licensor, in its sole discretion, may provide opening assistance to Licensee at the Licensed Unit.

9.5 Licensor will continue its efforts to maintain high and uniform standards of quality, cleanliness, appearance and service at all LA MARTINA Retail Units, to protect and enhance the reputation of LA MARTINA System and the demand for the products and services of the System. Licensor will establish uniform criteria for approving suppliers; make every reasonable effort to disseminate its standards and specifications to prospective suppliers of the Licensee upon the written request of the Licensee, provided that Licensor may elect not to make available to prospective suppliers the standards and specifications for such equipment designs deemed by Licensor in its sole discretion to be confidential; and may conduct periodic inspections of the premises and evaluations of the products used and sold at the Licensed Unit and in all other LA MARTINA retail units.

9.6 Licensor will provide training to Licensee as set forth in Section 8 hereof.

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9.7 Licensors will provide LA MARTINA products labeled according to federal and state's textiles regulations. If any product misplaced the label or had a torn label, the Licensee shall remove the products from display and deliver them to Licensors for replacement.

10. **Duties Of The Licensee.** Licensee understands and acknowledges that every detail of the System is important to Licensors, Licensee and other Licensees in order to develop and maintain high and uniform operating standards, to increase the demand for LA MARTINA products and services, and to protect the reputation and goodwill of Licensors. Accordingly, Licensee agrees that:

10.1 Licensee shall maintain, at all times during the Term, at Licensee's expense, the premises of the Licensed Unit and all fixtures, furnishings, signs, systems and equipment, in conformity with Licensors' high standards and public image and to make such additions within the fifteen (15) days from the Licensors' notification in writing, alterations, repairs, and replacements thereto (but no others, without Licensors' prior written consent) as may be required by Licensors, including but not limited to the following:

A. To keep the Licensed Unit in the highest degree of sanitation and repair, including, without limitation, such periodic repainting, repairs or replacement of impaired equipment, and replacement of obsolete signs, as Licensors may reasonably direct;

B. At its sole cost and expense, to complete a full reimagining, renovation, refurbishment and modernization of the Licensed Unit, within the time frame required by Licensors, including the building design, parking lot, landscaping, equipment, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet Licensors' then-current standards, specifications, image, business philosophy and design criteria for LA MARTINA retail units, including without limitation, such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so (hereinafter, a "Licensed Unit Renovation"). Licensee shall not be required to perform a Licensed Unit Renovation if there is less than one (1) year remaining on the term of this Agreement, and/or the lease for the premises occupied by the Licensed Unit. Nothing herein shall be deemed to limit Licensee's other obligations, during the term of this Agreement, to operate the Licensed Unit in accordance with Licensors' standards and specifications for LA MARTINA System, including, but not limited to, the obligations set forth in this Section 11.

10.2 Licensee shall operate the Licensed Unit in conformity with such methods, standards, image and specifications as Licensors may from time to time prescribe in writing, to insure that the highest degree of quality, service and cleanliness is uniformly maintained and to refrain from any deviation there from and from otherwise operating in any manner which reflects adversely on Licensors' name and goodwill or on the Proprietary Marks, and in connection therewith:

A. To maintain a sufficient stock of Products, and use at all times, only Products, materials, supplies, and paper goods as conform to Licensor's Standards, image and specifications, and to refrain from deviating there from by using non-conforming items, without Licensor's prior written consent. Licensee shall upon Licensor's written request, provide an inventory count of all Products in stock and available for retail sale;

B. To maintain at all times Products exhibited and displayed at the Licensed Unit according to Licensor's direction and design; and to operate in conformity with the marketing plan devised and distributed by Licensor, as same may be changed from time to time at Licensor's sole discretion;

C. To sell or offer for sale only Products that have been expressly approved for sale in writing by Licensor, meet Licensor's uniform standards of quality and quantity; to sell or offer for sale the minimum items specified in the Manual or otherwise in writing; to refrain from any deviation from Licensor's standards and specifications for selling products without Licensor's prior written consent; and to discontinue selling or offering for sale such items as Licensor may, in its discretion, disapprove in writing at any time;

D. To use the premises of the Licensed Unit solely for the purpose of conducting the business licensed hereunder, and to conduct no other business or activity thereon, whether for profit or otherwise, without Licensor's prior written consent;

E. To keep the Licensed Unit open and in normal operation during such business hours as Licensor may prescribe in writing;

F. To keep a minimum number of employees, to maintain the maximum customer service satisfaction according LA MARTINA SYSTEM;

G. To purchase, install and construct, at Licensee's expense, all improvements furnishings, signs and equipment specified in the approved standard plans and specifications, provided by Licensor and such other furnishings, signs or equipment as Licensor may reasonably direct from time to time in writing from such suppliers, vendors and dealers as specified by Licensor (which may include Licensor); and to refrain from installing or permitting to be installed on or about the premises of the Licensed Unit, without Licensor's written consent, any improvements, furnishings, signs or equipment not first approved in writing as meeting Licensor's standards and specifications;

H. To comply with all applicable federal, state and local laws, regulations and ordinances pertaining to the operation of the Licensed Unit; and

I. Licensee shall grant Licensor and its agents the right to enter upon the premises of the Licensed Unit at any time during ordinary business hours for the purpose of conducting inspections; cooperate with Licensor's representatives in

such inspections by rendering such assistance as they may reasonably request; and, upon notice from Licensor or its agents, and without limiting Licensor's other rights under this Agreement, take such steps as may be necessary immediately to correct the deficiencies detected during any such inspection, including, without limitation, immediately desisting from the further use of any equipment, promotional materials, products, or supplies that do not conform with Licensor's then-current specifications, standards, or requirements.

10.3 To acknowledge and recognize that standard uniform pricing is essential for LA MARTINA SYSTEM as a means to maintain the high quality and image of LA MARTINA SYSTEM and Proprietary Marks. Licensee shall sell only at retail according to the prices suggested by Licensor. Licensor has the right to set maximum and minimum resale prices, which Licensee is obligated to follow. Licensee shall comply with any prices, sales, and/or discount practices implemented by Licensor. Licensor shall supply Products as ordered provided same are not discontinued or are subject to manufacturing or delivery problems, although Licensor's ultimate discretion shall be controlling.

10.4 To maintain the quality and distinct characteristics of fine world renown specialty clothing, jewelry, accessories that customers associate with LA MARTINA System and the Proprietary Marks, Licensee shall offer and sell only Products and must purchase all of its products from Licensor or its designee. Licensor will sell Products to Licensee on standard purchase terms that may vary from time to time, F.O.B. Licensor's designated distribution center, with all freight, duties and shipping charges at Licensee's sole cost and expense. Licensor will give prior notice of any material changes in purchase terms. All invoices shall be paid timely; 1/3 of the invoice price at the time the Products are being prepared for shipment to the United States; 60 days for the balance of the invoice price for Products and for equipment, furnishings, and fixtures, an advance of 50% and the balance within 120 days for all equipment, furnishings and fixtures required for the commencement of business at the Licensed Location.

10.5 Licensee shall purchase all other products, materials, supplies, and other items required in the operation of the Licensed Unit which are or incorporate trade-secrets of Licensor, as designated by Licensor ("Trade-Secret Products") only from Licensor or suppliers designated by Licensor.

10.6 Licensee shall, at Licensor's request, require all of its supervisory employees, as a condition of their employment, to execute an agreement prohibiting them, during the term of their employment or thereafter, from communicating, divulging, or using for the benefit of any person, persons, partnership, association, corporation or other entity any confidential information, trade secrets, knowledge, or know-how concerning LA MARTINA System or methods of operation of the Licensed Unit which may be acquired as a result of their employment with Licensee or other licensees. A duplicate original of each such agreement shall be provided by Licensee to Licensor immediately upon execution.

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10.7 If at any time the Licensed Unit is proposed to be operated by an entity or individual other than the Licensee, Licenser reserves the right to review and approve the operating entity or individual and to require and approve an operating agreement prior to such party's assumption of operations. Licenser may, in its sole discretion, reject either, the operating entity, the individual operator or the operating agreement. If approved by Licenser, the operating entity and/or individual shall agree in writing to comply with all of Licensee's obligations under the License Agreement as though such party were the Licensee designated therein, on such form as may be designated by Licenser. The operation of the Licensed Unit by any party other than Licensee, without Licenser's prior written consent, shall be deemed a material default of this Agreement for which Licensee may terminate this Agreement pursuant to the provisions of Section 15.1 hereof.

10.8 Licensee shall, within thirty (30) days from receipt of written notice from Licenser, at its sole cost and expense, purchase and install at the Licensed Unit and/or at Licensee's principal business office such computer hardware and software equipment, required dedicated telephone and power lines, modems, printers and other computer related accessory and peripheral equipment ("Required Computer Equipment") as Licenser specifies in writing. The Required Computer Equipment shall include telecommunications devices and may include a single software program or set of programs, all of which must be obtained in accordance with the Licenser's standards and specifications. The Required Computer Equipment shall permit 24 hour per day electronic communications between Licenser and Licensee including access to the internet and Licenser's current intranet, or any successor thereto.

10.9 Licenser shall use its best efforts to provide Licensee with a margin of 280% over net cost, excluding discounts and taxes. This margin shall not be applicable for liquidation sales, either for seasonal or special promotions.

10.10 Licensee shall visit the showroom to be designated by the Licenser for the selection of the major collections (Spring-Summer and Fall-Winter) twice a year; the dates to be established by Licenser. At these visits, Licensee shall order Products by means of a purchase order. Licenser shall confirm the purchase order by email. Additionally, Licenser will offer the Licensee the opportunity to purchase small collections that may become available during the year, separate from the two main collections. These orders if any are to be placed also by means of a purchase order that will be confirmed by the Licensee.

10.11 Licensee shall provide customers with first class service, as associated with the System and prestige retail establishments. Licensee shall honor all Product guarantees and take back all defective Products. Licensee shall maintain a list of all returns and provide same to Licenser monthly.

11. **Insurance.** Licensee shall maintain during the entire Term, the coverages required by the lease for the Licensed Location and shall name Licenser as an additional insured.

12. **Confidential Information**

12.1 **Survival and Confidentiality.** Licensee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, corporation or other entity, any confidential information, knowledge or know-how concerning the construction and methods of operation of the Licensed Business which may be communicated to Licensee, or of which Licensee may be apprised, by virtue of Licensee's operation under the terms of this Agreement. Licensee shall divulge such confidential information only to such employees of Licensee as must have access to it in order to exercise the License rights granted hereunder and to establish and operate the Licensed Unit pursuant hereto and as Licensee may be required by law, provided Licensee shall give Licensor prior written notice of any such required disclosure immediately upon receipt of notice by Licensee in order for Licensor to have the opportunity to seek a protective order or take such other actions as it deems appropriate under the circumstances.

12.2 Any and all information, knowledge, and know-how, including, without limitation, drawings, materials, equipment, methods, and other data, which Licensor designates as confidential, and any information, knowledge, or know-how which may be derived by analysis thereof, shall be deemed confidential for purposes of this Agreement, except information which Licensee can demonstrate came to Licensee's attention prior to disclosure thereof by Licensor; or which, at the time of disclosure thereof by Licensor to Licensee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Licensee by Licensor, becomes a part of the public domain, through publication or communication by others.

13. **Covenants**

13.1 Licensee covenants that, during the term of the Agreement, except as otherwise approved in writing by Licensor, Licensee or, alternatively, one designated management employee if that employee assumes primary responsibility for the operation of the Licensed Unit, shall devote full time, energy and best efforts to the management and operation of the Licensed Unit.

13.2 Licensee acknowledges that, pursuant to this Agreement, Licensee will receive valuable specialized training and confidential information, including without limitation, information regarding the operational, sales, promotional, and marketing methods, procedures and techniques of Licensor and LA MARTINA System. Licensee covenants that, during the term of this Agreement, Licensee (who, unless otherwise specified, shall include, for purposes of this Section 14, collectively and individually, (i) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities with voting rights of Licensee and of any corporation, directly or indirectly controlling Licensee, if Licensee is a corporation; (ii) the general partner and any limited

partners, including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of securities with voting rights of a corporation which controls, directly or indirectly, any general or limited partner, if Licensee is a partnership; and (iii) any members and managers and holders of a beneficial interest of five percent (5%) or more of securities with voting rights of any corporation which controls directly or indirectly, any limited liability company) shall not, either directly or indirectly, for itself or on behalf of, or in conjunction with, any person, persons, partnership, limited liability company, association or corporation or other entity:

A. Divert or attempt to divert any business or customer of the business Licensed hereunder to any competitor by direct or indirect inducements or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Licensor's Proprietary Marks and LA MARTINA System;

13.3 Non Compete-Non Solicitation. Licensee covenants that Licensee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, association, corporation or other entity:

A. During the Term and for a period of two (2) years following the termination or expiration of this Agreement regardless of the cause, own, maintain, engage in, or have any interest in any Specialty Clothing Shop that sells or offers similar products to LA MARTINA SYSTEM which is located within a radius of ten (10) miles of the location specified in Section 3 hereof, or the location of any other LA MARTINA retail unit under LA MARTINA System, whether owned by Licensor or any other LA MARTINA licensee, which is in existence as of the date of expiration or termination of this Agreement; or

B. During the Term and for a period of one (1) year following the termination or expiration of this Agreement regardless of the cause, employ or seek to employ any person who is, at the time, employed by Licensor or by any other LA MARTINA licensee, or otherwise, directly or indirectly, induce such person to leave his or her employment therewith.

13.4 At Licensor's request, Licensee shall require and obtain execution of covenants similar to those set forth in this Section 13 (including covenants applicable upon the termination of a person's relationship with Licensee) in a form satisfactory to Licensor, including, without limitation, specific identification of Licensor as a third party beneficiary of such covenants with the independent right to enforce them, from any or all of the following persons:

A. All managers and assistant managers of the Licensed Unit, and any other personnel employed by Licensee who have received or will receive training from Licensor;

The failure of Licensee to obtain execution of a covenant required by this Section 13.4 shall constitute a material breach of this Agreement. A duplicate original of each such covenant shall be provided by Licensee to Licenser immediately upon execution.

13.5 The parties agree that the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 13, is held unreasonable or unenforceable by a court or agency having jurisdiction in a final decision, Licensee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Section 13.

A. Injunctive Relief. The parties acknowledge that it will be difficult to ascertain with any degree of certainty the amount of damages resulting from a breach by Licensee of any of the covenants contained in this Section 14. It is further agreed and acknowledged that any violation by Licensee of any of said covenants will cause irreparable harm to Licenser. Accordingly, Licensee agrees that upon proof of the existence of a violation of any of said covenants, Licenser will be entitled to injunctive relief against Licensee in any court of competent jurisdiction having authority to grant such relief, together with all costs and reasonable attorney's fees incurred by Licenser in bringing such action.

14. **Transferability Of Interest**

14.1 **Transfer by Licenser.** This Agreement shall inure to the benefit of the successors and assigns of Licenser. Licenser shall have the right, without Licensee's consent, to transfer or assign its interest in this Agreement to any person, persons, partnership, association, corporation, or other entity and Licensee agrees promptly to execute any documents in connection therewith. If Licenser's assignee assumes all the obligations of Licenser hereunder and sends Licensee written notice of the assignment so attesting, Licensee agrees promptly to execute a general release of Licenser, and any affiliates of Licenser, from claims or liabilities of Licenser under this Agreement.

14.2 **Transfer by Licensee.** Licensee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Licensee, and that Licenser has granted this Agreement in reliance on Licensee's business skills and financial capacity. Accordingly, neither (i) Licensee, nor (ii) any immediate or remote successor to Licensee, nor (iii) any individual, partnership, corporation or other legal entity which directly or indirectly owns any interest in the Licensee or in this License Agreement, shall sell, assign, transfer, convey, donate, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or in any legal entity which owns the Licensed Unit, or in the assets of and at the Licensed Unit without the prior written consent of Licenser. Acceptance by Licenser of any amount accruing hereunder from any third party, including, but not limited to any proposed transferee, shall not

constitute Licensor's approval of such party as a transferee or the transfer of this License Agreement to such party. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Licensor, shall be null and void, and shall constitute a material breach of this Agreement, for which Licensor may then terminate without opportunity to cure pursuant to Section 15.2.E. of this Agreement.

14.3 Conditions for Consent. Licensor shall not unreasonably withhold its consent to any transfer referred to in Section 14.2 hereof, when requested in writing; provided, however, that prior to the time of transfer;

A. All of Licensee's accrued monetary obligations to Licensor and its subsidiaries and affiliates shall have been satisfied;

B. Licensee shall have agreed to remain obligated under the covenants contained in Section 13 hereof as if this Agreement had been terminated on the date of the transfer;

C. The Licensor shall have determined, to its satisfaction, that the transferee's qualifications meet the Licensor's standards;

D. Licensee and transferee shall execute a written assignment, in a form satisfactory to Licensor, pursuant to which the transferee shall assume all of the obligations of Licensee under this Agreement and Licensee shall unconditionally release any and all claims Licensee might have against Licensor as of the date of the assignment;

E. The transferee shall execute the then-current form of License Agreement and such other then-current ancillary agreements as Licensor may reasonably require. The then-current form of License Agreement may have significantly different provisions than contained in this Agreement. The then-current form of License Agreement will expire on the expiration date of this Agreement and will contain the same renewal rights, if any, as are available to Licensee herein;

F. The transferee shall agree at its sole cost and expense, to (i) complete a Licensed Unit Renovation (as defined in Section 10.1.C herein), within the time frame required by Licensor, unless a Licensed Unit Renovation was completed within two (2) years prior to the date of the transfer and (ii) perform such other scope of work as may be determined by Licensor.

G. The Licensee or transferee shall pay to Licensor a transfer fee of FIVE THOUSAND Dollars (\$5,000). If the transferee is (i) a corporation or limited liability company formed by Licensee for the convenience of ownership, or (ii) an existing Licensee or owner of an entity Licensee under this Agreement, no transfer fee shall be required.

14.4 Right of First Refusal. Any party holding an interest in this Agreement, the Licensed Unit or in Licensee, and who desires to accept a bona fide offer

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from a third party to purchase such interest, shall notify Licensor in writing of such offer within ten (10) days of receipt of such offer, and shall provide such information and documentation relating to the offer as Licensor may require. Licensor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Licensor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Licensor elects to purchase the seller's interest, closing on such purchase must occur within sixty (60) days from the date of notice to the seller of the election to purchase by Licensor. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Licensor as in the case of an initial offer. Failure of Licensor to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer.

15. **Termination.**

15.1 Licensee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate upon notice to Licensee, if Licensee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Licensee or such a petition is filed against Licensee and not opposed by Licensee; or if Licensee is adjudicated bankrupt or insolvent; or if a receiver or other custodian (permanent or temporary) of Licensee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under the applicable law of any jurisdiction should be instituted by Licensee or against Licensee and not opposed by Licensee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes bond is filed or other steps are taken to stay effectively the enforcement of such judgment in the relevant jurisdiction); or if Licensee is dissolved; or if execution is levied against Licensee's property or business; or if suit to foreclose any lien or mortgage against the premises or equipment of the Licensed Unit is instituted against the Licensee and not dismissed within thirty (30) days; or if the real or personal property of any other La Martina Retail Unit operated by Licensee shall be sold after levy thereon by any sheriff, marshal, or constable.

15.2 Licensee shall be deemed to be in default and Licensor may, at its option, terminate this Agreement and all rights granted hereunder without affording Licensee any opportunity to cure the default (effective immediately upon receipt of notice by Licensee as described in Section 21 hereof) upon the occurrence of any of the following events:

A. If Licensee fails to complete construction of the Licensed Unit and opens for business within one hundred eighty (180) days of execution of this Agreement. Licensor may, in its sole discretion, extend this period to address unforeseen construction delays, not within the control of Licensee.

B. If Licensee at any time ceases to operate the Licensed Unit or otherwise abandons the Licensed Unit, or loses the right to possession of the premises of the Licensed Unit, or defaults under the lease for the Licensed Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Licensed Unit is located; provided, however, that if, through no fault of Licensee, the premises are damaged or destroyed by an event not within the control of Licensee such that repairs or reconstruction cannot be completed within one hundred eighty (180) days thereafter, then Licensee shall have thirty (30) days after such event in which to apply for Licensor's approval to relocate and/or reconstruct the premises, which approval shall not be unreasonably withheld, but may be conditioned upon the payment of an agreed minimum royalty to Licensor during the period in which the Licensed Unit is not in operation;

C. If Licensee is convicted of or pleads guilty to a felony, a crime involving moral turpitude, or any other crime or offense that Licensor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Licensor's interest therein;

D. If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Licensed Unit;

E. If Licensee, or any partner, shareholder or member of Licensee purports to transfer any rights or obligations under this Agreement or any interest in Licensee to any third party without Licensor's prior written consent, contrary to the terms of Section 15 hereof;

F. If Licensee fails to comply with the in-term covenants in Section 13.2. hereof or fails to obtain execution of the covenants required under Section 13.4. hereof;

G. If, contrary to the terms of Section 7 hereof, Licensee discloses or divulges any confidential information provided to Licensee by Licensor;

H. If Licensee knowingly maintains false books or records, or submits any false reports to Licensor;

I. If Licensee or any individual, group, association, limited or general partnership, corporation or other business entity which directly or indirectly controls, is controlled by, or is under common control with Licensee; or which directly or indirectly owns, controls, or holds power to vote ten percent (10%) or more of the outstanding voting securities of Licensee; or which has in common with Licensee one or more partners, officers, directors, trustees, branch managers, or other persons occupying similar status or performing similar functions commits any act of default under any other license agreement or any other agreement entered into by Licensee or an Affiliate of Licensee, and Licensor, or any parent, subsidiary, affiliate, predecessor or successor to Licensor;

J. If Licensee, after or during a default pursuant to Section 15.2. hereof, commits the same default again, whether or not such default is cured after notice; or

K. If Licensee defaults more than once in any twelve (12) month period for failure to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice.

L. If Licensee refuses to permit Licenser or its agents to enter upon the premises of the Licensed Unit to conduct any periodic inspection as set forth in Sections 6.8 and 11.2.I hereof.

M. If Licensee uses any of the Proprietary Marks in any unauthorized manner or is otherwise in default of the provisions of Section 6 hereof, or denigrates the image or business philosophy of the System.

N. If Licenser discovers that Licensee made a material misrepresentation or omitted a material fact in the information that was furnished to Licenser in connection with its decision to enter into this Agreement.

O. If Licensee knowingly falsifies any report required to be furnished Licenser or makes any material misrepresentation in its dealings with Licenser or fails to disclose any material facts to Licenser.

P. There is a material breach of any obligation, covenant, representation or warranty set forth in this Agreement.

Q. If Licensee, at any time, offers for sale from the Licensed Unit any products other than Products.

15.3 Except as provided in Sections 15.1 and 15.2 of this Agreement, upon any default by Licensee which is susceptible of being cured, Licenser may terminate this Agreement only by giving written Notice of Termination stating the nature of such default to Licensee at least ten (10) days prior to the effective date of termination if the default is for failure to pay financial obligations owed to Licenser by Licensee, and thirty (30) days, prior to the effective date of termination for any other default, provided, however, that Licensee may avoid termination by curing such default to Licenser's satisfaction within the ten (10) day or thirty (30) day period, as applicable. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to Licensee effective immediately upon the expiration of the ten (10) day or thirty (30) day period, as applicable, or such longer period as applicable law may require. Notwithstanding anything to the contrary set forth in this Agreement, Licensee hereby acknowledges that any agreement between Licensee and Licenser relating to past due amounts accruing hereunder, (an "Arrearage Agreement"), including, but not limited to any promissory note, payment plan or amendment to this Agreement shall be deemed to be a material part of this Agreement and shall be incorporated herein by reference. A

default under any Arrearage Agreement shall be deemed a material default of this Agreement, regardless of the reason Licensee fails to pay the amount which is the subject of such Arrearage Agreement.

15.4 Licensee shall indemnify and hold Licensor harmless for all costs, expenses and any losses incurred by Licensor in enforcing the provisions hereof, or in upholding the propriety of any action or determination by Licensor pursuant to this Agreement, or in defending any claims made by Licensee against Licensor, or arising in any manner from Licensee's breach of or failure to perform any covenant or obligation hereunder, including, without limitation, reasonable litigation expenses and attorney's fees incurred by Licensor in connection with any threatened or pending litigation relating to any part of this Agreement, unless Licensee shall be found, after due legal proceedings, to have complied with all of the terms, provisions, conditions and covenants hereof.

15.5 If Licensee dies, becomes mentally ill or contracts any other condition that prevents Licensee from operating the Licensed Unit or if Licensee is an entity and same should occur to any principal according the requirements set hereof in this Agreement, the Licensor may at its sole discretion terminate this Agreement.

15.6 In addition to the other provisions of this Section 16, if Licensor reasonably determines that Licensee becomes or will become unable to meet its obligations to Licensor under this Agreement, Licensor may provide Licensee written notice to that effect and demand that Licensee provide those assurances reasonably designated by Licensor, which may include security or letters of credit for the payment of Licensee's obligations to Licensor. If Licensee fails to provide the assurances demanded by Licensor within thirty (30) days after its receipt of written notice from Licensor, this Agreement shall terminate without further notice to Licensee effective immediately upon expiration of that time, unless Licensor notifies Licensee otherwise in writing.

16. **Effect Of Termination Or Expiration.** Upon termination or expiration of this Agreement, all rights granted herein shall forthwith terminate, and:

A. Licensee shall immediately cease to operate the Licensed Unit as a La Martina Retail Unit, and shall not thereafter, directly or indirectly, represent to the public that the business is a La Martina Retail Unit;

B. Licensee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, methods, procedures, and the techniques associated with the System, Licensor's Proprietary Marks, and Licensor's other trade names, trademarks and service marks associated with La Martina System. In particular, and without limitation, Licensee shall cease to use all signs, furniture, fixtures, equipment, advertising materials, stationery, forms, packaging, containers and any other articles which display the Proprietary Marks;

16.3 Licensee shall execute such documents as Licensor may reasonably require effectuating termination of the License and Licensee's rights to use the trademarks and systems of Licensor.

17. **Taxes, Permits, And Indebtedness.** Licensee shall promptly pay when due all taxes, accounts and other indebtedness of every kind incurred by Licensee in the conduct of the Licensed Unit under this Agreement. Licensee, in the conduct of the Licensed Unit, shall comply with all applicable laws and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the businesses operated under this Agreement, including, without limitation, licenses to do business, trade name registrations, sales tax permits and fire clearances.

18. **Independent Contractor And Indemnification**

18.1 This Agreement does not constitute Licensee an agent, legal representative, joint venture, partner, employee, franchisee or servant of Licensor for any purpose whatsoever. It is understood and agreed that Licensee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Licensor. The parties further agree that this Agreement does not create any fiduciary relationship between them.

18.2 During the Term and any extensions hereof, Licensee agrees to take such action as Licensor deems reasonably necessary for Licensee to inform and hold itself out to the public as an independent contractor operating the Licensed Unit pursuant to a license from Licensor, including, without limitation, exhibiting a notice of that fact at the Licensed Unit in form and substance satisfactory to Licensor.

18.3 Licensee agrees to defend, indemnify and hold harmless Licensor, its parent, subsidiaries and affiliates, and their respective officers, directors, employees, agents, successors and assigns from all claims, demands, losses, damages, liabilities, cost and expenses (including attorneys fees and expense of litigation) resulting from, or alleged to have resulted from, or in connection with Licensee's operation of the Licensed Unit, including, but not limited to, any claim or actions based on or arising out of any injuries, including death to persons or damages to or destruction of property, sustained or alleged to have been sustained in connection with or to have arisen out of or incidental to the Licensed Unit and/or the performance of this contract by Licensee, its agents, employees, and/or its subcontractors, their agents and employees, or anyone for whose acts they may be liable, regardless of whether or not such claim, demand, damage, loss, liability, cost or expense is caused in whole or in part by the negligence of Licensor, Licensor's representative, or the employees, agents, invitees, or licensees thereof.

18.4 Licensor shall advise Licensee in the event Licensor receives notice that a claim has been or may be filed with respect to a matter covered by this Agreement, and Licensee shall immediately assume the defense thereof at Licensee's sole cost and expense. In any event, Licensor will have the right, through counsel of its choice, to control any matter to the extent it could directly or indirectly affect Licensor

and/or its parent, subsidiaries or affiliates or their officers, directors, employees, agents, successors or assigns. If Licensee fails to assume such defense, Licensor may defend, settle, and litigate such action in the manner it deems appropriate and Licensee shall, immediately upon demand, pay to Licensor all costs (including attorney's fees and cost of litigation) incurred by Licensor in affecting such defense, in addition to any sum which Licensor may pay by reason of any settlement or judgment against Licensor.

18.5 Licensor's right to indemnity hereunder shall exist notwithstanding that joint or several liabilities may be imposed upon Licensor by statute, ordinance, regulation or judicial decision.

18.6 Licensee agrees to pay Licensor all expenses including attorney's fees and court costs, incurred by Licensor, its parent, subsidiaries, affiliates, and their successors and assigns to remedy any defaults of or enforce any rights under this Agreement, effect termination of this Agreement or collect any amounts due under this Agreement.

19. Approvals And Waivers

19.1 Whenever this Agreement requires the prior approval of Licensor, Licensee shall make a timely written request to Licensor therefore, and such approval or consent shall be in writing.

19.2 Licensor makes no warranties or guarantees upon which Licensee may rely, and assumes no liability or obligation to Licensee or any third party to which Licensor would not otherwise be subject, by providing any waiver, approval, advice, consent, or suggestions to Licensee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefore.

19.3 No failure of Licensor to exercise any power reserved to it in this Agreement, or to insist upon compliance by Licensee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Licensor's right to demand exact compliance with the terms of this Agreement. Waiver by Licensor of any particular default shall not affect or impair Licensor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Licensor to exercise any power or rights arising out of any breach or default by Licensee of any of the terms, provisions, or covenants of this Agreement, affect or impair Licensor's rights, nor shall such constitute a waiver by Licensor of any rights, hereunder or right to declare any subsequent breach or default. Subsequent acceptance by Licensor of any payments due to it shall not be deemed to be a waiver by Licensor of any preceding breach by Licensee of any terms, covenants, or conditions of this Agreement.

20. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which will provide evidence of the date received to the respective parties at the

following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Licensor: SANTI USA CORP.
101 Crandon Blvd., Suite 178
Key Biscayne, FL 33149
Telephone Number (305) 498-4047
Fax Number: (305) 361-0027
E-mail: Olga@lamartina.com

with copies to: Kenneth F. Darrow, P.A.
8440 South Dixie Highway, #901
Miami, Florida 33143
Telephone Number (305) 670-8200
Fax: (305) 677-2619
E-mail address: KFDarrow@aol.com

Notices to Licensee: SAGA Trading, LLC
19501 Biscayne Boulevard, Unit 065
Aventura, Florida 33160
Telephone Number: _____
Fax Number: _____
E-mail: _____

with copies to: Charles S. Serfaty, Esq.
Serfaty & Garcia, P.A.
4770 Biscayne Boulevard, Suite 1430
Miami, Florida 33137
Telephone Number: (305) 722-2555
Fax Number: (305) 722-9555
E-mail: CSS@gslawpa.com

All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be addressed to the party to be notified at its most current principal business address (or telefax number) of which the notifying party has been notified (under the provisions of this Section 21) and shall be deemed so delivered (a) at the time delivered by hand; (b) one (1) business day after sending by telegraph, facsimile, electronic mail or comparable electronic system with electronic confirmation of receipt; or (c) if sent by registered or certified mail or by other means which affords the sender evidence of delivery, on the date and time of receipt or attempted delivery if delivery has been refused or rendered impossible by the party being notified.

21. Severability And Construction

21.1 Except as expressly provided to the contrary herein, each section, paragraph, part, term, and/or provision of this Agreement shall be considered severable;

and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect to bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be part of this Agreement.

21.2 Except as has been expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Licensee, Licensor, Licensor's officer, directors, and employees, and Licensee's permitted and Licensor's respective successors and assigns, any rights or remedies under or by reason of this Agreement.

21.3. This Agreement may be executed in counterparts, and each copy so executed shall be deemed an original.

22. **Entire Agreement: Survival.** This Agreement and the exhibits hereto, constitute the entire, full and complete agreement between Licensor and Licensee concerning the subject matter hereof and supersede any and all prior agreements. Except for those permitted to be made unilaterally by Licensor hereunder, no amendment, change, modification or variance of this Agreement shall be binding on either party unless in writing and executed by Licensor and Licensee. Representations by either party, whether oral, in writing, electronic or otherwise, that are not set forth in this Agreement shall not be binding upon the party alleged to have made such representations and shall be of no force or effect.

Notwithstanding anything herein to the contrary, upon the termination of this Agreement for any reason whatsoever (including the execution of a subsequent License Agreement pursuant to the provisions of Sections 4.1 and 15), or upon the expiration of the Term hereof, any provisions of this Agreement which, by their nature, extend beyond the expiration or termination of this Agreement, shall survive termination or expiration and be fully binding and enforceable as though such termination or expiration had not occurred.

23. **Applicable Law**

23.1 **Applicable Law.** This Agreement takes effect upon its acceptance and execution by Licensor and shall be interpreted and construed under the Laws of the State of Florida, United States of America which laws shall prevail in the event of any conflict of law except to the extent governed by the U. S. Trademark Act of 1946, 15 U.S.C. Section 1051, et seq. (the "Lanham Act") as amended; provided, however, that if the covenants in Section 14 of this Agreement would not be enforceable under the laws of Florida, and the Licensed Unit is located outside of Florida, then such covenants shall be interpreted and construed under the laws of the state in which the Licensed Unit is located.

23.2 The parties agree that any action brought by Licensee against Licensors in any court, whether federal or state, shall only be brought within a court of competent jurisdiction in Miami-Dade County Miami, Florida. Any action brought by Licensors against Licensee in any court, whether federal or state, may be brought within a court of competent jurisdiction in Miami-Dade County Miami, Florida, or in the jurisdiction where Licensee resides or does business or where the Licensed Unit is or was located or where the claim arose. Licensee hereby consents to personal jurisdiction and venue in the state and judicial district in which Licensors has its principal place of business.

23.3 No right or remedy herein conferred upon or reserved to Licensors is exclusive of any other right or remedy herein, or by law or equity provided or permitted; but each shall be cumulative of any other right or remedy provided in this Agreement

23.4 Nothing herein contained shall bar Licensors's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

23.5 Any and all claims and actions arising out of or relating to this Agreement, the relationship of Licensee and Licensors, or Licensee's operation of the Licensed Unit, brought by Licensee shall be commenced within eighteen (18) months from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

23.6 Licensors and Licensee hereby waive to the fullest extent permitted by law any right to or claim of any consequential, punitive, or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

23.7 If Licensors is required to enforce this Agreement, Licensors shall be entitled to reimbursement of all of its costs, including reasonable attorneys' fees and related fees and costs and if a judicial proceeding is instituted by Licensors then Licensors shall be entitled to said reimbursement at all trial and appellate levels.

24. **Entity Licensee.** In the event the Licensee named herein is an entity at the time of execution of this Agreement, it is warranted, covenanted and represented to Licensors that:

24.1 All of the issued and outstanding ownership interests of Licensee are owned, legally and beneficially, by the persons or persons listed on Exhibit "B" attached hereto.

24.2 One of the persons identified on Exhibit "B", shall be the chief executive officer of the Licensee entity, holding such office or offices as may be necessary to maintain and exercise the actual power and authority actively to direct the affairs of the Licensee and shall be the person with whom Licensor shall deal to the exclusion of all other such persons.

24.3 Licensee is validly formed and duly existing under the laws of the State of Florida, is duly qualified to conduct business therein, and has its principal place of business at 6000 Indiana Creek Drive, #1701, Miami Beach, Florida 33140. Licensee shall promptly notify Licensor in writing of any change thereto during the Term.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed, and delivered this Agreement in triplicate on the day and year first above-written.

SANTI USA CORP.

By: Adrian Vaughan for Adrian Simonetti
Adrian Simonetti, President Director 7/11/08

SAGA TRADING, LLC

By: Philippe Goureau
Philippe Goureau, President/Manager

JOINDER

The undersigned does hereby agree, confirm and obligate himself, to be bound in his individual capacity to the provisions of Section 12, 13.2 and 13.3.

Philippe Goureau

EXHIBIT "A"

SANTI USA CORP. D/B/A/ "LA MARTINA"
LICENSE AGREEMENT

NOTICE OF COMMENCEMENT DATE

Name of Licensee: _____

License Agreement Dated: _____

Licensed Unit Address: _____

Store Number: _____

NOTICE is hereby given to the abovementioned Licensee pursuant to Section 4.1 of the License Agreement that the Term of the abovementioned License Agreement commenced on _____, 200____, and that the Term shall expire on _____, unless the License Agreement is terminated earlier, pursuant to its terms and conditions.

SANTI USA CORP.

By: _____

Name: _____

Title: _____

Date of Notice: _____

EXHIBIT "B"

OWNERS OF LICENSEE

(For Entity Licensees)

Name of Owners	Number of Interests	% Ownership of Licensee	Title
Philippe Goureau	_____	<u>100.</u>	<u>President</u>